

CONSOLIDATION OF MICROENTERPRISES IN NONTRADITIONAL MARKETS

(TC-00-12-07-9-AR)

EXECUTIVE SUMMARY

Executing agency: Latin American Center for Leadership Training and Research–LEATID (which means *Towards the Future* in Hebrew)

Financing:

MIF (Window III)	US\$ 836,000
Local contribution:	US\$ 768,000
Total:	US\$ 1,604,000

Timetable:

Execution period:	36 months
Disbursement period:	42 months

Objectives: The general objective is to contribute—by piloting a methodology for business development services based on community and technical support—to accelerating competitive insertion of microenterprises in the Buenos Aires metropolitan area in market segments with greater income-generating potential and, accordingly, greater added value.

The specific objective is to validate, through a pilot exercise, a business development services methodology based on technical support and the provision of seed capital.

Description: This project is a pilot test to disseminate on a broad scale a business development services methodology coupled with support in the form of seed capital. It targets microentrepreneurs and aims to help them to add value to their businesses by identifying new market segments that will enable them to compete successfully. The idea is to shift microentrepreneurs out of saturated markets that generate little revenue for them.

The project will identify new, nontraditional market segments with growth potential, and will conduct activities to train entrepreneurs with potential to operate in those markets. To this end, the supply of training services for microenterprises will be strengthened by transferring to consulting and/or training firms a methodology for microenterprise training and technical assistance developed by the American Joint Distribution Committee, to be adapted to the needs and features of Argentine microentrepreneurs.

The demand for technical assistance services will be linked to the newly trained supply through a matching grant fund that will partially subsidize demand. A seed capital fund will also be administered, whereby the executing agency will invest its own funds in firms that have received assistance and training and show strong potential for success.

**Special
contractual
clauses:**

In view of the need to support LEATID in the planning and management of the project, especially with fulfilling the special conditions for disbursement, the Bank will authorize disbursement of up to US\$8,000 of the component to accelerate microenterprise development for purposes of hiring the project coordinator for two months. This disbursement will be released once LEATID has fulfilled the general conditions of the technical-cooperation agreement (paragraph 4.32).

As conditions precedent to the first disbursement, the following are to be presented to the Bank's satisfaction: (i) evidence that the project coordinator has been selected (paragraph 4.6); (ii) the work plan for the first year, containing a schedule of the executing agency's activities, the planned resources, and each activity's targets (paragraph 4.6); and (iii) the terms of reference for hiring the services of the Paraguas Club (paragraph 4.9).

A copy of the agreements signed by the executing agency and the microenterprises receiving seed capital are to be forwarded to the Bank. The executing agency is to inform the Bank with regard to seed capital contributions in its semiannual reports, with detailed information on amounts and a list of microenterprises having received such contributions (paragraph 4.21).

**Exceptions to
Bank policy:**

None.